

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EUR/EE:CWSCHMIDT:TL
APPROVED BY EUR:JAARMITAGE
C:MNIMETZ
H:KJENKINS
L/C:FKWIATEK
EUR/EE:KNBROWN
S/S-O: RPERITO

-----122394 092218Z /64

R 090118Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY PRAGUE
AMEMBASSY ROME
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 159627

EXDIS. BRUSSELS FOR US TRIPARTITE GOLD COMMISSIONER

E.O. 11652: GDS

TAGS: EFIN, PGOV, CZ

SUBJECT:CLAIMS/GOLD: COUNSELOR'S MEETING WITH SENATOR LONG

REFERENCE: (A) PRAGUE 1797; (B) STATE 155174 (BOTH NOTAL)

1. AS A FOLLOW-UP TO THE SECRETARY'S LETTER OF APRIL 12
REPLYING TO SENATOR LONG'S LETTER OF MARCH 22 ON THE CLAIMS
/GOLD PROBLEM, DEPARTMENT'S COUNSELOR MATTHEW NIMETZ,
ACCOMPANIED BY DEPUTY ASSISTANT SECRETARY FOR CONGRESSION-
AL RELATIONS KEMPTON JENKINS, CALLED ON SENATOR LONG JUNE
28.

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2. NIMETZ AND JENKINS EXPLAINED THAT THE DEPARTMENT BE-
LIEVED THE TIME WAS OPPORTUNE TO APPROACH THE CZECHOSLOVAK
GOVERNMENT AGAIN ON THIS SUBJECT. THEY SUGGESTED THAT WE
ATTEMPT TO OBTAIN FROM THE CZECHOSLOVAKS THE \$32 MILLION
LUMP-SUM SETTLEMENT, NOTING THAT SENATOR LONG REPORTEDLY
HAD ENDORSED SUCH A PROPOSAL BY DAVID SCOTT, WHO SUBSEQUENT-
LY FAILED TO INTEREST THE GOC.

3. LONG RESPONDED FORCEFULLY THAT HE CONTINUED TO BELIEVE THAT WE SHOULD SETTLE THE PROBLEM BY SELLING THE GOLD WHICH WE HOLD AND SIMPLY PAYING OFF THE AMERICAN CLAIMANTS. HE REITERATED HIS CONTENTION THAT BECAUSE THE CZECHOSLOVAKS

SEIZED OUR PROPERTY, WE HAVE EVERY RIGHT TO SEIZE THEIRS. LONG DID NOT ACCEPT ANY OF THE STANDARD ARGUMENTS AGAINST SEIZURE OF THE GOLD.

4. COMMENT: LONG WAS DISTINCTLY UNMOVED BY OUR EFFORTS AND WOULD NOT ENDORSE A SETTLEMENT SOMEWHERE AROUND \$32 MILLION. ON THE OTHER HAND, WE SEE IN FOREIGN MINISTER CHNOUPEK'S PARLIAMENTARY STATEMENT OF JUNE 29 A CLEAR SIGNAL THAT THE CZECHOSLOVAK GOVERNMENT WOULD LIKE TO RESOLVE THE CLAIMS/GOLD PROBLEM (ALBEIT ON GOC TERMS) AND THAT IT WISHES TO DISCUSS THE PROBLEM WITH THE US GOVERNMENT RATHER THAN THROUGH "NON-GOVERNMENTAL CHANNELS" SUCH AS SCOTT. MEANWHILE, NIMETZ HAS ASKED L TO EXAMINE THE LEGAL IMPLICATIONS OF USG SEIZURE OF THE GOLD AND DISTRIBUTION OF THE PROCEEDS TO THE CLAIMANTS.

5. AMBASSADOR BYRNE'S WASHINGTON CONSULTATIONS LATER THIS MONTH WILL PROVIDE WELCOME OPPORTUNITY TO DISCUSS POSSIBLE NEXT STEPS.

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6. FOR ROME: AMBASSADOR BYRNE WILL BE IN ROME EN ROUTE CONSULTATIONS AND HOME LEAVE, JULY 13-16, STAYING AT HOTEL FLORA ON VIA VENETO. HE WILL BE CHECKING IN WITH ADMINISTRATIVE COUNSELOR MILLER. REQUEST YOU PASS THIS MESSAGE TO HIM. VANCE

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NNN

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